

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2716 - HB 3397

March 3, 2010

SUMMARY OF BILL: Requires all rate methodology utilized by the Bureau of TennCare for determining payments to private providers of ICF/MR services must be identical to the rate methodology used in determining payments to public providers of ICF/MR services.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$342,200

Increase Federal Expenditures – Exceeds \$657,800

Assumptions:

- According to the Bureau of TennCare, the difference between the rate methodology for public providers and private providers is that state facilities go through a cost settlement process at the end of the fiscal year.
- Payments for private facilities are considered payment in full. State facility payments are cost settled at the end of the fiscal year and adjusted to cover any short fall.
- According to the Bureau of TennCare, rates for state facilities are greater than for private facilities and creating equal methodologies will result in an increase in expenditures.
- In FY08-09, TennCare expended \$83,400,000 on private facilities and \$171,300,000 on state facilities. While an exact amount cannot be quantified, it is reasonably determined that any increase would exceed \$1,000,000.
- Of the \$1,000,000 in increased expenditures, \$342,200 will be state funds at a rate of 34.22 percent and \$657,800 will be federal funds at a 65.78 percent match rate.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

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